



Senate

General Assembly

January Session, 2001

File No. 185

Senate Bill No. 192

Senate, April 10, 2001

The Committee on Insurance and Real Estate reported through SEN. BOZEK of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING SURETY REQUIREMENTS FOR CERTAIN GOVERNMENT PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 49-41 of the general statutes is repealed and the following is
2 substituted in lieu thereof:

3 (a) Each contract exceeding fifty thousand dollars in amount for the
4 construction, alteration or repair of any public building or public work
5 of the state or of any subdivision thereof shall include a provision that
6 the person to perform the contract shall furnish to the state or the
7 subdivision on or before the award date, a bond in the amount of the
8 contract which shall be binding upon the award of the contract to that
9 person, with a surety or sureties with a bond rating satisfactory to the
10 officer awarding the contract, for the protection of persons supplying
11 labor or materials in the prosecution of the work provided for in the
12 contract for the use of each such person, provided no such bond shall
13 be required to be furnished (1) in relation to any general bid in which

14 the total estimated cost of labor and materials under the contract with
15 respect to which such general bid is submitted is less than fifty
16 thousand dollars, (2) in relation to any sub-bid in which the total
17 estimated cost of labor and materials under the contract with respect to
18 which such sub-bid is submitted is less than fifty thousand dollars, or
19 (3) in relation to any general bid or sub-bid submitted by a consultant,
20 as defined in section 4b-55. Any such bond furnished shall have as
21 principal the name of the person awarded the contract.

22 (b) Nothing in this section or sections 49-41a to 49-43, inclusive,
23 shall be construed to limit the authority of any contracting officer to
24 require a performance bond or other security in addition to the bond
25 [herein] referred to in subsection (a) of this section, except that no such
26 officer shall require a performance bond in relation to any general bid
27 in which the total estimated cost of labor and materials under the
28 contract with respect to which such general bid is submitted is less
29 than twenty-five thousand dollars or in relation to any sub-bid in
30 which the total estimated cost of labor and materials under the contract
31 with respect to which such sub-bid is submitted is less than fifty
32 thousand dollars.

33 (c) No contract for the construction, alteration or repair of any
34 public building or public work of the state or of any subdivision
35 thereof that requires a person to supply the state or subdivision with a
36 bond may include a provision that requires the person to obtain the
37 bond from a specific surety, agent, broker or producer. No contracting
38 officer may require that a bond be obtained from a specific surety,
39 agent, broker or producer.

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: None

Municipal Impact: None

Explanation**State Impact:**

The bill requires a person who is entering into a contract for the construction or alteration of a public building or public work of the state to provide a bond or surety to the contracting public official that has a satisfactory bond rating.

The bill also specifies that insurance for a contract for a public building or public work can be purchased from any qualified surety company or agent. There is no fiscal impact for the Department of Insurance as a result of this bill.

OLR Bill Analysis

SB 192

AN ACT CONCERNING SURETY REQUIREMENTS FOR CERTAIN GOVERNMENT PROJECTS.**SUMMARY:**

Currently, state and municipal construction contracts worth over \$50,000 must require the contractor to furnish a bond to guarantee payment to subcontractors. The requirement applies to contracts for the constructing, altering, or repairing any public building or public work of the state or its subdivisions.

This bill prohibits these contracts from requiring the contractor to buy the bond from a specific surety company, agent, broker, or producer. It also prohibits the government contracting officer from imposing such a requirement.

The bill specifies that the surety company must have a bond rating satisfactory to the contracting officer. Current law simply requires the surety company to be satisfactory to the officer.

EFFECTIVE DATE: October 1, 2001

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 18 Nay 0